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Summary Compensation Table

| Name and Principal Position | Fiscal Year | Salary (\$) | Bonus \$(a) | Stock Awards \$(b) | Option Awards \$(b) | Non-Equity Incentive Plan Compensation \$(c) | Change in Pension Value and Nonqualified Deferred Compensation Earnings \$(d) | All Other Compensation \$(e) | Total (\$) |
|--|-------------|-------------|-------------|--------------------|---------------------|--|---|------------------------------|--------------|
| Jeffrey T. Mezger President and Chief Executive Officer | 2008 | \$1,000,000 | \$ 0 | \$1,069,341 | \$4,593,443 | \$ 2,750,000 | \$ 141,666 | \$ 70,482 | \$ 9,624,932 |
| | 2007 | 1,000,000 | 6,000,000 | 4,181,624 | 3,743,258 | 97,500 | 388,632 | 972,604 | 16,383,618 |
| Wendy C. Shiba† Executive Vice President, General Counsel and Corporate Secretary | 2008 | 456,417 | 400,000 | 41,580 | 41,832 | 0 | 0 | 310,357 | 1,250,186 |
| William R. Hollinger* Senior Vice President and Chief Accounting Officer | 2008 | 363,750 | 0 | 106,947 | 58,853 | 370,000 | 25,877 | 29,784 | 955,211 |
| | 2007 | 347,083 | 350,000 | 123,273 | 107,703 | 483,000 | 83,116 | 121,111 | 1,615,286 |
| Glen W. Barnard Senior Vice President, KBW Group | 2008 | 299,168 | 45,000 | 93,076 | 31,518 | 375,000 | 13,716 | 29,582 | 887,060 |
| | 2007 | 289,168 | 0 | 98,662 | 96,478 | 600,000 | 79,716 | 95,069 | 1,259,093 |
| Kelly K. Masuda Senior Vice President and Treasurer | 2008 | 308,958 | 0 | 81,186 | 41,372 | 250,000 | 0 | 20,932 | 702,448 |
| | 2007 | 296,771 | 100,000 | 78,837 | 85,238 | 355,500 | 0 | 96,459 | 1,012,805 |
| Former NEO | 2008 | 600,001 | 430,000 | (5,008) | 17,194 | 0 | 31,481 | 24,639 | 1,098,307 |
| Domenico Cecere* | 2007 | 595,834 | 0 | 376,181 | 90,560 | 438,500 | 86,362 | 114,295 | 1,701,732 |

- (a) *Bonus*: These amounts are guaranteed or discretionary bonuses. The bonuses paid in 2008 to Ms. Shiba and to Messrs. Barnard and Cecere are discussed above under the heading "Guaranteed and Discretionary Bonuses."
- (b) *Stock Awards and Option Awards*: These amounts are the aggregate compensation expense we recognized in our 2008 fiscal year for Stock Awards (shares of restricted stock and phantom shares) and Option Awards (stock options and SARs) granted to our NEOs in 2008 and in prior years, computed in accordance with SFAS No. 123 (R), except that, in accordance with applicable SEC rules and guidance, we have disregarded estimates of forfeitures related to service-based vesting conditions and reversals in excess of amounts previously expensed in 2007 for the NEOs who appeared in the Summary Compensation Table for that year. We account for shares of restricted stock as equity awards for purposes of SFAS No. 123(R), and the related compensation expense was based on our amortization of their grant-date fair value. The grant-date fair value is equal to the closing price of our common stock on the grant date, except for the performance shares granted to Mr. Mezger in July 2007, for which we use a Monte Carlo simulation model to estimate the grant-date fair value. We account for the phantom shares as liability awards for purposes of SFAS No. 123(R) because they will be settled in cash in the manner described above under the heading "Use of SARs and Phantom Shares," and the related compensation expense was calculated based on the price of our common stock on November 30, 2008, which was \$11.63. We account for stock options as equity awards for purposes of SFAS No. 123(R), and the related compensation expense was based on our amortization of their grant-date fair value. Information used in determining these amounts can be found in Note 15 of the Notes to Consolidated Financial Statements contained in our Annual Report. We did not grant any stock options in 2008. We account for SARs as liability awards for purposes of SFAS No. 123(R) because they will be settled in cash in the manner described above under the heading "Use of SARs and Phantom Shares," and the related compensation expense was calculated using the Black-Scholes option-pricing model with the following assumptions as of November 30, 2008 and 2007, respectively: a risk-free interest rate of 1.2% to 1.6% (depending on when the specific SAR was granted) and 3.1%; an expected volatility factor for the market price of our common stock of 56.7% and 43.9%; a dividend yield of 2.2% and 4.8%; and an expected life of 2.9 to 4.1 years and 3.7 to 3.9 years (depending on when the specific SAR was granted).
- (c) *Non-Equity Incentive Plan Compensation*: These amounts are the annual incentive compensation the respective NEOs earned based on achieving fiscal year performance goals. Mr. Cecere did not receive non-equity incentive plan compensation due to his previously announced retirement.
- (d) *Change in Pension Value and Nonqualified Deferred Compensation Earnings*: These amounts are the change in present value of accumulated benefits provided under our Retirement Plan. We do not provide above-market or preferential earnings under our Deferred Compensation Plan.
- (e) *All Other Compensation*: The amounts shown consist of the following items:

SUMMARY COMPENSATION TABLE

| Name and Principal Position | Year | Salary | Stock Awards (2) | Option Awards (3) | Non-Equity Incentive Plan Compensation | Change in Pension Value (10) | All Other Compensation (11) | Total |
|--|------|--------------|------------------|-------------------|--|------------------------------|-----------------------------|---------------|
| R. Chad Dreier — Chairman of the Board of Directors and Chief Executive Officer of The Ryland Group, Inc. | 2008 | \$ 1,000,000 | \$ 800,000 | — | \$ 2,500,000(4) \$ 1,736,672(5) | \$ 4,664,500 | \$ 256,553 | \$ 10,957,725 |
| | 2007 | \$ 1,000,000 | \$ 1,979,640 | — | \$ 0(6) \$ 2,427,758(7) | \$ 4,086,509 | \$ 5,029,448 | \$ 14,523,355 |
| | 2006 | \$ 1,000,000 | \$ 5,141,800 | — | \$ 11,795,846(8) \$ 3,363,871(9) | \$ 3,568,553 | \$ 7,002,661 | \$ 31,872,731 |
| Larry T. Nicholson — President and Chief Operating Officer of The Ryland Group, Inc. | 2008 | \$ 633,461 | \$ 340,419 | \$ 485,296 | \$ 950,000(4) \$ 791,547(5) | \$ 180,453 | \$ 445,459 | \$ 3,826,635 |
| | 2007 | \$ 441,635 | \$ 273,681 | \$ 232,698 | \$ 500,000(6) \$ 734,832(7) | \$ 168,069 | \$ 1,679,612 | \$ 4,030,527 |
| | 2006 | \$ 295,000 | \$ 387,764 | \$ 50,115 | \$ 3,205,815(8) \$ 648,570(9) | \$ 147,987 | \$ 216,086 | \$ 4,951,337 |
| Gordon A. Milne — Executive Vice President and Chief Financial Officer of The Ryland Group, Inc. | 2008 | \$ 622,308 | \$ 451,284 | \$ 173,316 | \$ 350,000(4) \$ 777,994(5) | \$ 266,936 | \$ 111,263 | \$ 2,753,101 |
| | 2007 | \$ 538,462 | \$ 410,536 | \$ 149,303 | \$ 0(6) \$ 950,646(7) | \$ 249,363 | \$ 213,045 | \$ 2,511,355 |
| | 2006 | \$ 500,000 | \$ 581,662 | \$ 214,779 | \$ 1,769,377(8) \$ 1,224,762(9) | \$ 220,304 | \$ 247,170 | \$ 4,758,054 |
| Keith E. Bass — Senior Vice President of The Ryland Group, Inc.; President of the South Region of Ryland Homes (1) | 2008 | \$ 332,692 | \$ 133,333 | \$ 250,974 | \$ 400,000(4) \$ 291,815(5) | — | \$ 408,034 | \$ 1,816,848 |
| | 2007 | \$ 231,058 | — | \$ 254,986 | \$ 765,930(6) \$ 276,786(7) | — | \$ 612,593 | \$ 2,141,353 |
| Daniel G. Schreiner — Senior Vice President of The Ryland Group, Inc.; President of Ryland Mortgage Company | 2008 | \$ 300,000 | \$ 245,258 | \$ 108,323 | \$ 719,869(4) \$ 312,601(5) | \$ 177,871 | \$ 67,270 | \$ 1,931,192 |
| | 2007 | \$ 300,000 | \$ 215,033 | \$ 89,195 | \$ 1,302,717(6) \$ 436,113(7) | \$ 166,161 | \$ 180,469 | \$ 2,689,688 |
| | 2006 | \$ 300,000 | \$ 304,669 | \$ 107,389 | \$ 2,039,554(8) \$ 601,714(9) | \$ 146,798 | \$ 189,536 | \$ 3,689,660 |

- (1) Mr. Bass was promoted to the position of Senior Vice President of The Ryland Group, Inc. on July 1, 2007.
- (2) Mr. Dreier received a restricted stock grant pursuant to which 80,000 restricted stock units vest on May 1, 2009. Pursuant to FAS 123(R), a pro rata portion of compensation expense related to this vesting of restricted stock units was recognized in 2008. Mr. Dreier received a restricted stock unit grant according to his Employment Agreement pursuant to which 94,000 restricted stock units vested on each of March 1, 2006 and 2007. Pursuant to FAS 123(R), a pro rata portion of compensation expense related to each vesting tranche of these restricted stock units was recognized in 2006, and the remaining pro rata compensation expense for the tranche vesting in 2007 was recognized in 2007. On May 1, 2008, Messrs. Nicholson, Milne, Bass and Schreiner received a grant of restricted stock units that vest ratably on each May 1 of the three years following the grant date. On November 1, 2008, Mr. Milne received a grant of restricted stock units that vest ratably on each November 1 of the three years following the grant date. The portion of this grant that vests on November 1, 2009 is 10,000 units. On May 1 of 2005 and 2006, Messrs. Nicholson, Milne and Schreiner received a grant of restricted stock units that vest ratably on each May 1 of the three years following the grant date. The portions which vested on May 1, 2006 for the executive officers are as follows: Mr. Nicholson, 4,667 units; Mr. Milne, 7,000 units; and Mr. Schreiner, 3,667 units; the portions which vested on May 1, 2007 for the executive officers are as follows: Mr. Nicholson, 9,333 units; Mr. Milne, 14,000 units; and Mr. Schreiner, 7,333 units; the portions which vested on May 1, 2008 for the executive officers are as follows: Mr. Nicholson, 9,333 units; Mr. Milne, 14,000 units; and Mr. Schreiner, 7,333 units; and the portions vesting on May 1, 2009 for the executive officers are as follows: Mr. Nicholson, 18,667 units; Mr. Milne, 21,000 units; Mr. Bass, 10,000 units; and Mr. Schreiner, 13,001 units. Pursuant to FAS 123(R), a pro rata portion of compensation expense related to the 2006 and 2007 vesting tranches of these restricted stock units was recognized in 2006; a pro rata portion of compensation expense related to the 2007 and 2008 vesting tranches was recognized in 2007; and a pro rata portion of compensation expense related to the 2008 and 2009 vesting tranches was recognized in 2008.
- (3) Messrs. Nicholson, Milne, Bass and Schreiner received grants of stock options in 2004 which vested one-third per year over a three-year period with the remaining installment of unexercisable options vesting on February 25, 2007. They also received grants of stock options on May 1, 2007 which vest one-third per year over a three-year period. In connection with their promotions, Messrs. Nicholson and Bass received grants of stock options on July 1, 2007 which vest one-third per year over a three-year period. Mr. Bass received stock option grants on each May 1 of 2005 and 2006 which vest one-third per year over a three-year period. In connection with his promotion to the position of President of Ryland, Mr. Nicholson received a grant of stock options on October 1, 2008 which vest one-third per year over a three-year period. Details regarding the outstanding stock options can be found in the section entitled "Outstanding Equity Awards at December 31, 2008" on page 27 of this Proxy Statement. The compensation expense recognized for the stock option grants was based upon the grant-date fair value, which was determined using the Black-Scholes-Merton option pricing formula pursuant to FAS 123(R). Further information regarding their valuation can be found in footnote I to the financial statements in Ryland's Annual Report on Form 10-K for the year ended December 31, 2008.

Table of Contents**Summary Compensation Table**

Set forth below is summary compensation information for (1) each person who was at any time during fiscal 2008 our Chief Executive Officer or Chief Financial Officer, (2) at September 30, 2008, our only other executive officer, other than the Chief Executive Officer and the Chief Financial Officer and (3) two former executive officers, each of whom, but for the fact such person was not an executive officer as of September 30, 2008, would have been one of our most highly compensated executive officers other than the Chief Executive Officer and the Chief Financial Officer (collectively, the "Named Executive Officers").

| Name and Principal Position | Year | Change in Pension Value and Nonqualified Deferred Compensation | | | | | | | | | Total |
|---|------|---|------------|-----------------|------------------|--|---------------------------|------------|--------------|--|-------|
| | | Salary (\$) | Bonus | Stock Awards | Option Awards | Non-Equity Incentive Plan Compensation | All Other Compensation | | | | |
| | | (1) | (\$)(2) | (\$)(3) | (\$)(3) | (\$)(4) | Earnings (\$) | (\$)(5) | | | |
| Ian J. McCarthy — President and Chief Executive Officer | 2008 | \$ 1,200,000 | \$ 0 | \$ 3,183,274 | \$ 2,692,655 | \$ 600,000 | \$ 0 | \$ 222,936 | \$ 7,898,865 | | |
| | 2007 | \$ 1,200,000 | \$ 0 | \$ 3,168,413 | \$ 2,947,523 | \$ 0 | \$ 0 | \$ 219,522 | \$ 7,535,458 | | |
| Michael H. Furlow — Executive Vice President and Chief Operating Officer | 2008 | \$ 800,000 | \$ 0 | \$ 1,495,018 | \$ 1,237,532 | \$ 400,000 | \$ 0 | \$ 111,697 | \$ 4,044,247 | | |
| | 2007 | \$ 800,000 | \$ 0 | \$ 1,495,010 | \$ 1,395,412 | \$ 0 | \$ 0 | \$ 111,011 | \$ 3,801,433 | | |
| Allan P. Merrill — Executive Vice President and Chief Financial Officer(6) | 2008 | \$ 600,000 | \$ 100,000 | \$ 729,287 | \$ 974,480 | \$ 300,000 | \$ 0 | \$ 608,252 | \$ 3,312,019 | | |
| | 2007 | \$ 250,000 | \$ 450,000 | \$ 303,870 | \$ 405,368 | \$ 0 | \$ 0 | \$ 93,667 | \$ 1,502,905 | | |
| Michael Douglas — Former Executive Vice President and Special Counsel(6) | 2008 | \$ 240,577 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 49,556 | \$ 290,133 | | |
| | 2007 | \$ 145,833 | \$ 145,833 | \$ 26,692 | \$ 15,378 | \$ 0 | \$ 0 | \$ 6,625 | \$ 340,361 | | |
| Cory J. Boydston — Former Senior Vice President and Treasurer(6) | 2008 | \$ 114,752 | \$ 25,000 | \$ 0 | \$ 737 | \$ 0 | \$ 0 | \$ 31,709 | \$ 172,198 | | |
| | 2007 | \$ 247,000 | \$ 50,000 | \$ 30,080 | \$ 34,251 | \$ 0 | \$ 0 | \$ 15,000 | \$ 376,331 | | |

- (1) Includes \$21,000 and \$153,125 for Mr. Merrill and Mr. Douglas, respectively, in fiscal 2008 and \$3,000 and \$51,042, for Messrs. Merrill and Douglas, respectively, in fiscal 2007, in each case which were deferred by the executive under the Deferred Compensation Plan
- (2) For Mr. Merrill, fiscal 2008 amount consists of a \$100,000 discretionary bonus awarded by the Compensation Committee and fiscal 2007 amount consists of a \$250,000 guaranteed bonus in accordance with his offer letter and a \$200,000 discretionary bonus awarded by the Compensation Committee. Mr. Douglas received a guaranteed bonus of \$145,833 in fiscal 2007, equal to his base salary prorated for months worked in fiscal 2007, in accordance with his employment letter. Mrs. Boydston received a discretionary bonus of \$25,000 in fiscal 2008 and a retention payment of \$50,000 in fiscal 2007.
- (3) Amounts reflect the dollar amount recognized for financial statement reporting purposes for the applicable fiscal year in accordance with FAS 123(R) except that estimated forfeitures have been disregarded for these purposes. These columns include amounts from awards of restricted stock, RSUs, stock options and SSARs granted prior to fiscal 2008. No grants were made to Named Executive Officers in fiscal 2008. Further information regarding the valuation of stock and option awards can be found in Note 1 to the Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended September 30, 2008.
- (4) Reflects payments under the Discretionary Bonus Plan.

EXECUTIVE COMPENSATION TABLES

Summary Compensation Table

| Name and Principal Position | Fiscal Year | Salary (\$) | Option Awards (\$)(1) | Non-Equity Incentive Plan Compensation (\$)(2) | Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)(3) | All Other Compensation (\$)(4) | Total (\$) |
|---|-------------|-------------|-----------------------|--|---|--------------------------------|------------|
| Robert I. Toll, Chairman of the Board and Chief Executive Officer | 2008 | 1,300,000 | 7,360,143 | — | 36,000 | 108,139 | 8,804,282 |
| | 2007 | 1,300,000 | 7,031,846 | — | — | 94,987 | 8,426,833 |
| Zvi Barzilay, Chief Operating Officer and President | 2008 | 1,000,000 | 3,121,503 | 1,368,000 | 130,128 | 49,599 | 5,669,230 |
| | 2007 | 1,000,000 | 2,521,944 | 1,520,000 | 170,212 | 55,699 | 5,267,855 |
| Joel H. Rassman, Executive Vice President, Chief Financial Officer and Treasurer | 2008 | 1,000,000 | 1,062,877 | 1,098,000 | 129,169 | 49,065 | 3,339,111 |
| | 2007 | 1,000,000 | 1,675,002 | 1,220,000 | 164,338 | 55,857 | 4,115,197 |

- (1) The value of option awards is the compensation expense recognized in our financial statements attributable to options granted in fiscal 2008 and prior years, calculated in accordance with SFAS 123R. Further information regarding the valuation of stock options can be found in Note 9 in the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended October 31, 2008.
- (2) Mr. Toll did not earn an award for fiscal 2008 under the terms of the CEO Bonus Plan or for fiscal 2007 under the terms of the Toll Brothers, Inc. Cash Bonus Plan. The awards for Messrs. Barzilay and Rassman for fiscal 2008 and fiscal 2007 were earned based upon the terms of the Executive Officer Bonus Plan.
- (3) The amounts in this column represent the increase in the actuarial present value of accumulated benefits under the SERP for each named executive officer and the amount of interest earned on their respective balances in the Deferred Compensation Plan. The amounts shown for fiscal 2008 represent the increase in the actuarial present value of accumulated benefits under the SERP from October 31, 2007 to October 31, 2008 for Messrs. Toll, Barzilay and Rassman and the amount of interest earned on Messrs. Barzilay's and Rassman's respective balances in the Deferred Compensation Plan during such period. In fiscal 2008, the increase in the actuarial present value of Mr. Toll's accumulated benefit under the SERP was \$36,000; Mr. Toll did not participate in the Deferred Compensation Plan during fiscal 2008. In fiscal 2008, the increase in the actuarial present value of Mr. Barzilay's accumulated benefit under the SERP was \$19,000, and the total amount of interest earned on his balance in the Deferred Compensation Plan was \$111,128. In fiscal 2008, the increase in the actuarial present value of Mr. Rassman's accumulated benefit under the SERP was \$18,000, and the total amount of interest earned on his balance in the Deferred Compensation Plan was \$111,169. In fiscal 2007, the actuarial present value of Mr. Toll's accumulated plan benefit decreased by \$151,850; Mr. Toll did not participate in the Deferred Compensation Plan in fiscal 2007. In fiscal 2007, the increase in the actuarial present value of Mr. Barzilay's accumulated benefit under the SERP was \$90,178, and the total amount of interest earned on his balance in the Deferred Compensation Plan was \$80,034. In fiscal 2007, the increase in the actuarial present value of Mr. Rassman's accumulated benefit under the SERP was \$86,710, and the total amount of interest earned on his balance in the Deferred Compensation Plan was \$77,628.

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SUMMARY COMPENSATION TABLE

The following table sets forth information as to all compensation paid by the Company for services in the Company's last fiscal year ended June 30, 2008 to: (a) the Company's Chief Executive Officer, (b) the Company's Chief Financial Officer, and (c) the Company's three most highly compensated executive officers other than the Chief Executive Officer and Chief Financial Officer (together, the "named executive officers").

| Name and Principal Position | Year | Salary \$(1) | Bonus \$(2) | Stock Awards \$(2) | Option Awards \$(3) | Non-Equity Incentive Plan Compensation \$(5) | Change in Pension Value and Nonqualified Deferred Compensation Earnings \$(4) | All Other Compensation \$(5) | Total \$(6) |
|--|------|--------------|-------------|--------------------|---------------------|--|---|------------------------------|--------------|
| Jeffrey P. Orleans, Chairman and Chief Executive Officer | 2008 | \$ 1,100,000 | \$ 300,000 | — | — | — | — | \$ 82,413 | \$ 1,482,413 |
| | 2007 | 850,000 | — | — | — | — | — | 24,607 | 874,607 |
| Michael T. Vesey, President and Chief Operating Officer | 2008 | 535,000 | 150,000 | 319,000(7) | — | — | — | 47,183(7) | 1,051,183 |
| | 2007 | 235,000 | 700,000(6) | 269,000(7) | — | — | — | 76,350(7) | 1,280,350 |
| Garry P. Herdler, Executive Vice President and Chief Financial Officer | 2008 | 450,000 | 550,000(8) | \$ 187,000(9) | \$ 1,252,490(10) | — | — | 8,400 | 2,447,890 |
| | 2007 | 154,038 | 400,000(11) | — | 386,000(12) | — | — | 227,100 | 1,167,138 |
| C. Dean Amann II, Executive Vice President | 2008 | 525,000 | 275,000(13) | — | 736,000(15) | — | — | 23,900 | 1,559,900 |
| | 2007 | 525,000 | 900,000(14) | — | 1,355,000 | — | — | 162,252 | 2,942,252 |
| Thomas R. Vesey, Executive Vice President Southern Region | 2008 | 275,962 | 185,657 | — | 31,784(15) | 114,343 | — | 10,980 | 618,726 |
| | 2007 | 175,000 | 282,000(6) | — | — | 268,000 | — | 9,797 | 734,797 |

(1) Salary amounts reflect the actual base salary payments made to the named executive officers in fiscal year 2008.

(2) Represents the dollar amount recognized for financial statement reporting purposes for the applicable fiscal year in accordance with FAS 123R of restricted stock, including amounts for awards granted in and/or prior to the applicable fiscal year. Assumptions used in the calculation of these amounts are included in footnote 10 to our audited financial statements for fiscal 2008 included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2008 and in footnote 10 to our audited financial statements for fiscal 2007 included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2007.

Grant Date Fair Value vs. Market Value of Stock Awards. Due to the decline in our stock price, if the stock awards for which expenses are shown in this column were valued in accordance with the market value of our common stock as of June 30, 2008 rather than the grant date fair value reflected in the Summary Compensation Table, their valuations would differ as shown in the following supplemental table.

| Name | Based on Grant Date Fair Value | | | Based on 6/30/08 Market Value (\$ 3.66)(a) | | |
|--------------------|--------------------------------|-------------|--------------|--|-------------|---------|
| | Fiscal 2008 | Fiscal 2007 | Total | Fiscal 2008 | Fiscal 2007 | Total |
| Jeffrey P. Orleans | — | — | — | — | — | — |
| Michael T. Vesey | — | — | — | 319,000 | 269,000 | 588,000 |
| Garry P. Herdler | \$ 1,116,000 | — | \$ 1,116,000 | 187,000 | — | 187,000 |
| C. Dean Amann II | — | — | — | — | — | — |
| Thomas R. Vesey | — | — | — | — | — | — |

(a) Reflects values in the Stock Awards column of the Summary Compensation Table.

EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

The following table details the compensation of our Chief Executive Officer, our present and former Chief Financial Officers and our other most highly compensated executive officer (the “named executive officers”) for the fiscal years ended December 31, 2008, December 31, 2007 and December 31, 2006:

| Name and Principal Position | Year | Salary (\$) | Bonus (\$) | Stock Awards (DSUs)(\$) ⁽⁴⁾ | Option Awards (\$) ⁽⁴⁾ | Non-Equity Incentive Plan Compensation (\$) | Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$) | All Other Compensation (\$) ⁽⁵⁾ | Total (\$) |
|--|------|-------------|--------------------------|--|-----------------------------------|---|--|--|--------------|
| Ian G. Cockwell | 2008 | \$ 350,000 | — | \$ (99,077) | \$ (29,676) | — | — | \$ 102,402 | \$ 323,649 |
| President & Chief Executive Officer | 2007 | \$ 300,000 | \$350,000 ⁽²⁾ | \$ 111,220 | \$ (160,190) | — | — | \$ 176,108 | \$ 777,138 |
| | 2006 | \$ 300,000 | \$320,000 ⁽³⁾ | \$ 163,908 | \$ 196,396 | — | — | \$ 169,997 | \$ 1,150,301 |
| Craig J. Laurie ⁽¹⁾ Chief Financial Officer | 2008 | — | — | — | — | — | — | — | — |
| William B. Seith | 2008 | \$ 210,000 | — | \$ 45,946 | \$ (20,169) | — | — | \$ 14,053 | \$ 249,830 |
| Executive Vice President, Risk Management | 2007 | \$ 200,000 | \$ 60,000 | — | \$ 21,552 | — | — | \$ 9,730 | \$ 291,282 |
| | 2006 | \$ 190,000 | \$ 70,000 | — | \$ 28,725 | — | — | \$ 9,555 | \$ 298,280 |
| Paul G. Kerrigan ⁽¹⁾ Former Executive Vice President & Chief Financial Officer | 2008 | \$ 320,000 | — | \$ 4,366 | \$ (20,770) | — | — | \$ 568,804 | \$ 872,400 |
| | 2007 | \$ 240,000 | \$200,000 | \$ 73,555 | \$ (80,563) | — | — | \$ 84,657 | \$ 517,649 |
| | 2006 | \$ 223,000 | \$240,000 ⁽³⁾ | \$ 102,436 | \$ 112,654 | — | — | \$ 78,233 | \$ 756,323 |

- (1) Mr. Laurie was appointed Chief Financial Officer of our Company effective November 28, 2008, upon the departure of Mr. Kerrigan. The Company has entered into a Management Services Agreement effective February 2, 2009 relating to the employment of Mr. Laurie as its Chief Financial Officer. Further information regarding this arrangement is provided in the Compensation Discussion and Analysis under the heading “Other 2008 and 2009 Compensation Matters.”
- (2) Mr. Cockwell elected on February 1, 2008 to receive 100% of his annual bonus award for the 2007 fiscal year of \$175,000 in deferred share units, increasing his deferred share units by 22,012. Pursuant to the deferred share unit plan, amounts elected to be received in units were increased by a factor of two times for purposes of calculating the number of units allocated. The grant date fair value of this award was \$350,000.
- (3) Messrs. Cockwell and Kerrigan elected on February 1, 2007 to receive 100% of their annual bonus awards for the 2006 fiscal year of \$160,000 and \$120,000, respectively, in deferred share units, increasing their deferred share units by 8,789 and 6,592, respectively. Pursuant to the deferred share unit plan, amounts elected to be received in units were increased by a factor of two times for purposes of calculating the number of units allocated. The grant date fair value of these awards was \$320,000 and \$240,000, respectively.
- (4) Dollar amounts in the Stock Awards and Option Awards columns for 2008, 2007 and 2006 reflect the compensation expense/(income) for deferred share units and stock options, respectively, recognized by Brookfield Homes for financial statement reporting purposes for the respective fiscal year in accordance with Statement of Financial Accounting Standards (“SFAS”) 123 (revised 2004), “Share-Based Payment” (“SFAS 123R”). The amounts reported are adjusted to eliminate income recognized by the Company for a particular award where it cannot be offset against an expensed amount for that award that was previously reported in the Summary Compensation Table. For a discussion of the assumptions made in the valuation, refer to Note 8 to our consolidated financial statements for the fiscal year ended December 31, 2008, and Note 7 to our consolidated financial statements for the fiscal years ended December 31, 2007 and December 31, 2006, respectively.
- (5) Refer to the All Other Compensation Table below for details of amounts paid in 2008.

COMPENSATION OF EXECUTIVE OFFICERS

Summary Compensation Table for 2008

The following table summarizes the total compensation for the fiscal years ended December 31, 2008, 2007 and 2006 for the Company's Chief Executive Officer, Chief Financial Officer and other executive officer during the 2008 fiscal year:

| Name and Principal Position | Year | Salary | Bonus | Stock | Option | Non-Equity | Change in Pension Value and Nonqualified Deferred Compensation | All Other Compensation | Total |
|--|------|---------------------|---------------------|----------------------------|----------------------------|---|--|------------------------|-----------|
| | | (\$) ⁽¹⁾ | (\$) ⁽²⁾ | Awards (\$) ⁽³⁾ | Awards (\$) ⁽⁴⁾ | Incentive Plan Compensation (\$) ⁽⁵⁾ | Earnings (\$) ⁽⁶⁾ | (\$) ⁽⁷⁾ | (\$) |
| Robert H. Schottenstein Chairman, Chief Executive Officer and President | 2008 | 750,000 | — | — | 1,101,058 | 148,542 | — | 217,890 | 2,217,490 |
| | 2007 | 734,231 | — | — | 1,034,858 | — | — | 324,990 | 2,094,079 |
| | 2006 | 634,615 | 400,000 | — | 754,134 | — | — | 304,148 | 2,092,897 |
| Phillip G. Creek Executive Vice President, Chief Financial Officer and Director | 2008 | 500,000 | — | — | 434,064 | 141,469 | — | 28,173 | 1,103,706 |
| | 2007 | 484,231 | — | — | 287,302 | — | — | 29,131 | 800,664 |
| | 2006 | 400,000 | 200,000 | — | 267,766 | — | — | 32,780 | 900,546 |
| J. Thomas Mason Executive Vice President, General Counsel, Secretary and Director | 2008 | 350,000 | — | — | 169,795 | 59,417 | — | 13,083 | 592,295 |
| | 2007 | 342,115 | — | — | 112,652 | — | — | 9,878 | 464,645 |
| | 2006 | 300,000 | 62,500 | — | 104,787 | — | — | 15,459 | 482,746 |

- (1) The amounts shown reflect the base salaries earned by the Named Executive Officers for the 2008, 2007 and 2006 fiscal years.
- (2) The amounts shown for 2006 reflect discretionary cash bonuses awarded to the Named Executive Officers for the 2006 fiscal year. Pursuant to the terms of the Executives' Deferred Compensation Plan, each of the Named Executive Officers may elect to defer the payment of part of or his entire bonus to a later date. The deferred amount is converted into whole phantom stock units which are distributed in the form of whole Common Shares on the future payment date. Each participant will not beneficially own Common Shares acquired under the plan until such Common Shares are distributed pursuant to the terms of the plan. With respect to Robert H. Schottenstein, Phillip G. Creek and J. Thomas Mason, the amounts shown for 2006 include \$20,000 allocated to Common Shares (621 shares), \$20,000 allocated to Common Shares (589 shares) and \$6,250 allocated to Common Shares (184 shares), respectively, pursuant to the Executives' Deferred Compensation Plan. See "Compensation Discussion and Analysis—Deferred Compensation" on page 41 of this Proxy Statement for a description of this plan and the Nonqualified Deferred Compensation table on page 49 of this Proxy Statement for a description of benefits accrued under this plan.
- (3) The Company recognized no amounts for financial statement reporting purposes under FAS 123(R) for stock awards for the 2008, 2007 or 2006 fiscal years.
- (4) The amounts shown reflect the dollar amount recognized for financial statement reporting purposes for the applicable fiscal year in accordance with FAS 123(R) for stock option awards granted pursuant to the 1993 Stock Plan (without reduction for assumed forfeitures) and thus include amounts from stock option awards granted in and prior to the applicable fiscal year. Assumptions used in the calculation of these amounts are included in Note 3 to the Company's audited consolidated financial statements for the fiscal year ended December 31, 2008, included in the Company's 2008 Form 10-K. The stock option awards (which vest over

2009 Developments

In February 2009, the Compensation Committee approved the key components of the compensation packages for our NEOs, taking into account the NEOs' existing employment agreements, current economic conditions both in the homebuilding industry and in the economy in general, and our guiding compensation philosophy discussed in this proxy statement.

As discussed, all of our NEOs agreed to no base salary increases over 2008 levels. In addition, Steve Hilton, our Chairman and CEO, voluntarily agreed to reduce his 2009 base salary by \$217,500.

To further our goal of ensuring a substantial portion of total compensation is variable upon a pay-for-performance basis, the Compensation Committee awarded restricted stock to our NEOs, a significant portion of which is contingent upon achieving defined performance measures over a three-year period. The Compensation Committee reviewed analyses of each NEO's cash, equity and total compensation package as compared to similar NEO positions from various other non-distressed public homebuilders. The Committee's awards were in line with these other peer companies when adjusted for Meritage's relative size to ensure the total compensation of our NEOs is sufficient to attract and retain the Company's top talent while balancing our financial goals of cash conservation and alignment of management goals with those of our shareholders. In February 2009, our NEOs were granted the following equity awards:

Steven J. Hilton, Chairman and CEO, was granted 45,000 shares of restricted stock that vest on a pro-rata basis over three years commencing with the first anniversary of the date of grant. Additionally, Mr. Hilton was also granted 67,500 shares of restricted stock that vest in equal increments over three years beginning with the first anniversary from the date of grant; however, these 67,500 restricted shares only vest if certain performance criteria are met. The criteria for these shares is based on the Company meeting pre-specified (i) net income, (ii) general and administrative costs and (iii) customer satisfaction rating targets in each of the three years. Portions of any year's vesting shares will be awarded if some, but not all, of the criteria are met.

Larry W. Seay, C. Timothy White and Steven M. Davis were each granted 30,000 shares of restricted stock that vest on a pro-rata basis over three years commencing with the first anniversary of the date of grant. Additionally, Messrs. Seay, White and Davis were each also granted 45,000 shares of restricted stock that vest in equal increments over three years beginning with the first anniversary from the date of grant; however, these 45,000 restricted shares only vest if certain performance criteria are met. The criteria for these shares is based on the Company meeting pre-specified (i) net income, (ii) general and administrative costs and (iii) customer satisfaction rating targets in each of the three years. Portions of any year's vesting shares will be awarded if some, but not all, of the criteria are met.

Steven J. Hilton, Larry W. Seay, C. Timothy White and Steven M. Davis remain eligible for annual cash performance-based bonuses under the parameters set forth in their respective employment agreement, or at the discretion of the Compensation Committee.

Summary Compensation Table

| Name and Principal Position | Year | Salary (\$) | Bonus (\$) | Stock Awards (\$)(2) | Option Awards \$(3) | Non-Equity Incentive Plan Compensation (\$) | Changes in Pension Value and Nonqualified Deferred Compensation Earnings(\$) | All Other Compensation (\$)(5) | Total(\$) |
|--|------|-------------|------------|----------------------|---------------------|---|--|--------------------------------|-----------|
| Steven J. Hilton, Chairman and CEO(1) | 2008 | 1,017,500 | — | 208,602 | 756,439 | — | — | 48,892 | 2,031,433 |
| | 2007 | 1,017,500 | — | 205,233 | 2,880,731 | — | — | 206,848 | 4,310,312 |
| | 2006 | 1,017,500 | — | — | 1,196,481 | 7,296,282 | — | 229,942 | 9,740,205 |
| Larry W. Seay, EVP and CFO | 2008 | 450,000 | — | 84,982 | 345,373 | — | — | 43,381 | 923,736 |
| | 2007 | 450,000 | — | 83,610 | 1,207,531 | — | 2,210 (4) | 113,735 | 1,857,086 |
| | 2006 | 303,877 | — | 10,449 | 451,734 | 1,768,796 | 3,574 (4) | 40,137 | 2,578,567 |
| C. Timothy White, EVP, General Counsel and Secretary | 2008 | 525,000 | — | 47,100 | 127,600 | — | — | 52,052 | 751,752 |
| | 2007 | 525,000 | 450,000 | 64,877 | 884,612 | — | — | 92,420 | 2,016,909 |
| | 2006 | 500,000 | — | — | 290,596 | 597,474 | — | 36,768 | 1,424,838 |
| Steven M. Davis, EVP and COO | 2008 | 400,000 | — | 96,411 | 112,538 | — | — | 28,713 | 637,662 |
| | 2007 | 400,000 | 250,000 | 155,929 | 364,560 | — | — | 218,985 | 1,389,474 |
| | 2006 | 83,333 | 400,000 | 27,624 | 13,903 | — | — | 5,524 | 530,384 |

- (1) All compensation is for Mr. Hilton's services in his capacity as the Chairman and Chief Executive Officer of the Company. Mr. Hilton did not receive any separate compensation for his services as a director.

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Summary Compensation Table

The following table sets forth compensation information for our last two fiscal years with regard to (i) our principal executive officer, (ii) our principal financial officer and (iii) our other three most highly compensated executive officers during fiscal 2008, to whom we refer collectively as the “named executive officers.”

| Name and Principal Position | Year | Salary(\$) | Stock Awards(\$)(2) | Option Awards(\$)(2) | Non-Equity Incentive Plan Compensation(\$) | Nonqualified Deferred Compensation Earnings(\$) | All Other Compensation(\$)(5) | Total(\$) |
|---|------|------------|--------------------------|--------------------------|--|---|-------------------------------|--------------------------|
| Stuart A. Miller, ⁽¹⁾ President and Chief Executive Officer | 2008 | 1,000,000 | 1,583,000 ⁽¹⁾ | 1,783,302 ⁽²⁾ | — | — | 58,294 | 4,424,596 |
| | 2007 | 1,000,000 | 1,583,000 ⁽¹⁾ | 3,130,386 ⁽²⁾ | — | — | 130,397 | 5,843,783 ⁽³⁾ |
| Jonathan M. Jaffe, Vice President and Chief Operating Officer | 2008 | 800,000 | 1,968,417 | 1,032,378 | — | — | 122,045 | 3,922,840 |
| | 2007 | 800,000 | 1,583,000 ⁽¹⁾ | 1,367,589 | — | — | 72,528 | 3,823,117 ⁽³⁾ |
| Richard Beckwith, Executive Vice President | 2008 | 700,000 | 1,867,667 | 383,334 | — | — | 112,592 | 3,063,593 |
| | 2007 | 700,000 | 1,482,250 ⁽¹⁾ | 212,375 | 1,000,000 | — | 72,652 | 3,467,277 ⁽³⁾ |
| Bruce E. Gross, Vice President and Chief Financial Officer | 2008 | 650,000 | 2,193,675 | 520,055 | — | — | 82,790 | 3,446,520 |
| | 2007 | 650,000 | 1,882,706 | 782,477 | — | — | 64,250 | 3,379,433 |
| Diane J. Bessette, Vice President and Treasurer ⁽⁴⁾ | 2008 | 350,000 | 1,130,696 | 274,422 | — | — | 71,190 | 1,826,308 |
| | 2007 | 350,000 | 783,053 | 469,487 | 150,000 | — | 39,050 | 1,791,590 |

(1)

Stuart A. Miller did not receive any stock or option awards during 2008 and did not receive any option awards during 2007. A restricted stock award was made to Mr. Miller in 2007; however, the stock award was forfeited because certain financial performance goals were not met by the Company. The compensation expense shown relates to awards made to Mr. Miller in 2006 and years prior to 2006 when the Company's stock price was significantly higher and represents the amount recognized for financial statement purposes in accordance with Statement of Financial Accounting Standards No. 123 (revised 2004), *Share-Based Payment*, (“SFAS 123R”), excluding the estimate for forfeitures. At November 30, 2008, all of Mr. Miller's option awards included above were out-of-the money (i.e., the option awards had exercise prices greater than the Company's stock price).

(2)

For fiscal 2008, these columns include both compensation expense from awards granted in 2008, if any, and compensation expense from awards granted in prior years. For fiscal 2007, these columns include both compensation expense from awards granted in 2007, if any, and compensation expense from awards granted in years prior to 2007. At November 30, 2008, all option awards included above were out-of-the-money. The compensation expense represents the amount recognized for financial statement reporting purposes in accordance with SFAS 123R, excluding the estimate for forfeitures. The grant date fair values of the option awards were determined using a Black-Scholes option-pricing model. Further information regarding the assumptions used in the calculation of the grant date fair values of stock and option awards can be found in Note 13 of the Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended November 30, 2008.

(3) These amounts exclude restricted stock awards that were granted in 2007, but were forfeited as a result of the Company's failure to achieve certain financial performance goals.

(4) Prior to February 21, 2008, Ms. Bessette was a Vice President and Controller.

(5) All other compensation consists of dividends on restricted stock awards that were not factored in calculating the grant date fair value of the awards, car allowances provided or car lease payments made by us on behalf of certain executives, matching payments by us under the 401(k) Plan, term life insurance premiums paid by us and long-term disability insurance premiums paid by us as follows:

| | Year | Dividends(\$) | Car Allowance/Lease Payments(\$) | 401(k) Match(\$) | Term Life Insurance(\$) | Long-Term Disability Insurance(\$) | Total All Other Compensation(\$) |
|-------------------|------|---------------|----------------------------------|------------------|-------------------------|------------------------------------|----------------------------------|
| Stuart A. Miller | 2008 | 25,200 | 25,304 | 6,900 | 440 | 450 | 58,294 |
| | 2007 | 96,000 | 26,547 | 6,750 | 600 | 500 | 130,397 |
| Jonathan M. Jaffe | 2008 | 97,700 | 16,555 | 6,900 | 440 | 450 | 122,045 |
| | 2007 | 48,000 | 16,678 | 6,750 | 600 | 500 | 72,528 |
| Richard Beckwith | 2008 | 88,000 | 16,802 | 6,900 | 440 | 450 | 112,592 |
| | 2007 | 48,000 | 16,802 | 6,750 | 600 | 500 | 72,652 |
| Bruce E. Gross | 2008 | 66,600 | 8,400 | 6,900 | 440 | 450 | 82,790 |
| | 2007 | 48,000 | 8,400 | 6,750 | 600 | 500 | 64,250 |
| Diane J. Bessette | 2008 | 56,200 | 7,200 | 6,900 | 440 | 450 | 71,190 |
| | 2007 | 24,000 | 7,200 | 6,750 | 600 | 500 | 39,050 |

Executive Compensation Tables

The following tables show, with respect to our Chief Executive Officer, Chief Financial Officer and our other named executive officers of D.R. Horton, the compensation awarded, earned or paid for all services rendered in all capacities to D.R. Horton during our fiscal years ended September 30, 2008 and 2007.

Summary Compensation Table

| Name and Principal Position | Year | Salary | Bonus(2) | Stock Awards(3) | Option Awards(4) | Non-Equity Incentive Plan Compensation(5) | Change in Pension Value and Non-Qualified Deferred Compensation Earnings(6) | All Other Compensation(7) | Total |
|--|------|-----------|-----------|-----------------|------------------|---|---|---------------------------|-------------|
| Donald R. Horton <i>Chairman of the Board</i> | 2008 | \$400,000 | — | \$2,130,545 | \$ 945,043 | \$1,848,482 | \$39,222 | \$49,000 | \$5,412,292 |
| | 2007 | \$400,000 | — | — | \$1,031,491 | \$1,586,087 | \$32,611 | \$46,750 | \$3,096,939 |
| Donald J. Tomnitz <i>Vice Chairman, Chief Executive Officer and President</i> | 2008 | \$300,000 | — | \$1,420,364 | \$ 737,207 | \$1,848,482 | \$28,413 | \$39,000 | \$4,373,466 |
| | 2007 | \$300,000 | — | — | \$ 837,763 | \$1,586,087 | \$23,582 | \$36,750 | \$2,784,182 |
| Bill W. Wheat <i>Executive Vice President and Chief Financial Officer</i> | 2008 | \$200,000 | \$350,000 | — | \$ 224,447 | — | \$ 6,626 | \$26,975 | \$ 808,048 |
| | 2007 | \$200,000 | \$300,000 | — | \$ 190,299 | — | \$ 4,973 | \$24,275 | \$ 719,547 |
| Stacey H. Dwyer <i>Executive Vice President and Treasurer</i> | 2008 | \$200,000 | \$350,000 | — | \$ 238,133 | — | \$ 6,739 | \$26,975 | \$ 821,847 |
| | 2007 | \$200,000 | \$300,000 | — | \$ 214,075 | — | \$ 5,072 | \$24,050 | \$ 743,197 |
| Samuel R. Fuller(1) <i>Senior Executive Vice President</i> | 2008 | \$133,333 | — | — | \$ 802,091 | — | \$12,593 | \$11,924 | \$ 959,941 |
| | 2007 | \$200,000 | \$ 50,000 | — | \$ 152,121 | — | \$10,181 | \$24,350 | \$ 436,652 |

- (1) Mr. Fuller retired from the Company on May 31, 2008. Mr. Fuller was paid a base salary at an annual rate of \$200,000.
- (2) The dollar amount listed represents a discretionary cash bonus paid to the named executive officer. More information on the 2008 fiscal year discretionary bonuses is set forth under the caption “Other Named Executive Officers — Corporate” beginning on page 28.
- (3) The dollar amount listed represents the amount recognized for financial statements purposes in accordance with Statement of Financial Accounting Standards (“SFAS”) 123(R) for long-term performance units awarded in the 2008 fiscal year. For purposes of SFAS 123(R), these performance units are accounted for as liability awards for which compensation expense is recognized over the vesting period, which runs from January 1, 2008 through September 30, 2010. The performance units will ultimately be valued based on the price of our common stock on September 30, 2010 and the final performance goal rankings at September 30, 2010. Assumptions used in determining the SFAS 123(R) expense in the table include a performance ranking at the “maximum” level for each of the two performance goals and a stock price of \$13.02, the closing price of the Company’s common stock at September 30, 2008. Additional assumptions used in the calculation of these amounts are included in Note J to our audited financial statements included in our Form 10-K for the year ended September 30, 2008.

The ultimate value of these awards will depend upon the price of our common stock and the final performance rankings. For example, if we had assumed a performance ranking at the “target” level rather than the “maximum” level without changing the stock price from that used in the table, the value of these awards at September 30, 2008 would have been \$1,065,273 for Mr. Horton and \$710,181 for Mr. Tomnitz. More information on the performance units is set forth under the caption “Performance Units” beginning on page 27.